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# Business Growth in the Portland Metro Region

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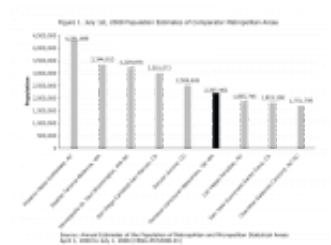
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# Business Growth in the Portland Metro Region

Sheila Martin, Emily Picha  
Institute for Metropolitan Studies, PSU  
May 15, 2009

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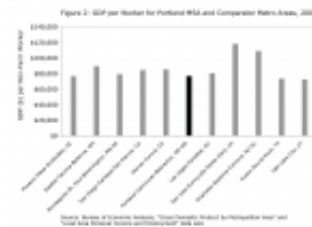
**Figure 1: July 1st 2008  
Population Estimates of  
Comparator Metropolitan Areas**



Source: Annual Estimates of the Population of Metropolitan and Micropolitan Statistical Areas: April 1, 2000 to July 1, 2008 (CBSA-EST2008-01).

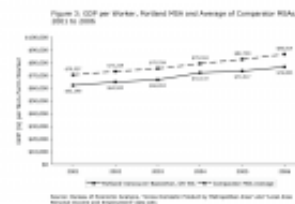
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**Figure 2: GDP per Worker for Portland MSA and Comparator Metropolitan Areas, 2006**



Source: Bureau of Economic Analysis, "Gross Domestic Product by Metropolitan Area" and "Local Area Income and Employment" data sets from 2006.

**Figure 3: GDP per Worker for Portland Metropolitan Region and Average for Comparator Regions, 2001-2006.**



Source: Bureau of Economic Analysis, “Gross Domestic Product by Metropolitan Area” and “Local Area Personal Income and Employment” data sets.

## o. Introduction

### **Are the businesses in the Portland metropolitan region prospering?**

When we think of business prosperity, we picture a company with growing revenues hiring new employees and opening new plants and offices. Given our persistently negative recent economic news, we might immediately jump to the conclusion that our businesses are on the decline.

### **But what evidence should we use to determine whether our businesses are thriving?**

The Brookings Institution’s Blueprint for Regional Prosperity identifies three types of growth necessary for regional prosperity: productive growth, inclusive growth, and sustainable growth. (“Blueprint for American Prosperity: Unleashing the Potential of a Metropolitan Nation.” The Brookings Institution. Retrieved on 2009-03-03.) Although all three play important roles in metropolitan prosperity, this article focuses on productive growth, because businesses are the primary

drivers of productive growth.

Productive growth requires innovation and entrepreneurship and leads to income and job growth. We examine data that point to productivity, entrepreneurship, and the ingredients of innovation: venture capital investment, patent activity, and educational attainment.

Finally, we assess the region’s job growth to determine which economic sectors have the most robust growth.

Like other articles on the Metropolitan Knowledge Network, we examine our region’s prosperity in comparison to other regions comparable to the Portland MSA and present the data in order of their 2008 population estimates. **Figure 1** shows Portland and the 10 comparator metropolitan areas in descending order by 2008 population.

1. Productivity

Productivity growth is a key ingredient to a growing and vibrant economy. Productivity growth, usually measured as output per unit of labor, is important because it leads to a rising standards of living. Productivity growth usually coincides with rising wages, and companies, industries, and nations with rising productivity are generally considered more competitive and profitable than other companies, industries, and nations. And although the wage/productivity payday loans online link is currently being debated, rising productivity is generally a sign that workers and company shareholders will eventually benefit.

Productivity is usually measured as output or value added per unit of labor. For the United States and for individual business sectors, the Bureau of Labor Statistics calculates both labor productivity and multifactor productivity, which takes into account not online payday loan only labor, but also capital and intermediate inputs. It does not publish productivity statistics for states or metropolitan areas.

In an attempt to fill the gap in metropolitan level productivity statistics, we calculate productivity measures for the Portland region and its competitor MSAs by taking the ratio of Gross Metropolitan Product (GMP), published by the Bureau of Economic Analysis (BEA), to total non-farm workers, also published by BEA. Please note that the GMP estimates are experimental. **See Figure 2.** Therefore, the same caveats that apply to these estimates apply to these productivity measures as well. (MKN Discussion on Metropolitan GDP Analysis)

Regional Comparisons

Portland ranks low relative to the comparator metropolitan areas in GMP per worker. For the Portland MSA, GMP per worker rose from \$62,298 in 2001 to \$76,803 in 2006 (see **Figure 3**). This 23.3 percent increase places the Portland region 5th in terms of productivity growth among its peer regions (see **Figure 2**). GMP per worker for Portland in 2006 was lower than seven of the peer regions.

The San Jose and Charlotte MSAs had the highest GMP per worker at \$118,022 and \$109,096, respectively, and the Austin and Salt Lake City regions had the lowest.

Table 1: GDP per Worker for Portland and Comparator MSAs, 2001-2006.

Metropolitan Area	2001	2002	2003	2004	2005	2006	Percent increase 2001-2006
Austin-Round Rock, TX	\$61,641	\$61,627	\$63,604	\$68,024	\$71,051	\$73,308	18.9%
Charlotte-Gastonia-Concord,NC-SC	\$86,064	\$94,079	\$96,260	\$100,662	\$106,269	\$109,096	26.8%
Denver-Aurora,CO	\$71,071	\$73,668	\$76,132	\$78,826	\$82,628	\$85,211	19.9%
Las Vegas-Paradise, NV	\$61,860	\$64,683	\$67,052	\$71,142	\$74,317	\$80,180	29.6%

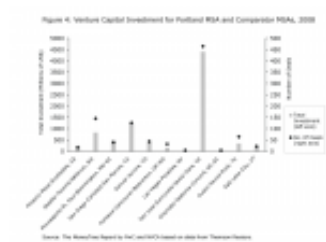
Minneapolis-St. Paul-Bloomington, MN-WI	\$66,616	\$69,329	\$72,107	\$75,314	\$76,856	\$79,044	18.7%
Phoenix-Mesa-Scottsdale, AZ	\$63,669	\$65,976	\$67,970	\$70,104	\$71,997	\$76,598	20.3%
<b>Portland-Vancouver-Beaverton, OR-WA</b>	<b>\$62,298</b>	<b>\$64,943</b>	<b>\$66,653</b>	<b>\$72,172</b>	<b>\$73,517</b>	<b>\$76,803</b>	<b>23.3%</b>
Salt Lake City, UT	\$59,638	\$61,623	\$62,371	\$65,024	\$68,139	\$72,502	21.6%
San Diego-Carlsbad-San Marcos, CA	\$64,222	\$67,633	\$69,946	\$76,130	\$80,002	\$84,535	31.6%
San Jose-Sunnyvale-Santa Clara, CA	\$94,755	\$95,221	\$98,838	\$105,820	\$110,875	\$118,022	24.6%
Seattle-Tacoma-Bellevue, WA	\$75,732	\$78,453	\$81,062	\$82,396	\$85,770	\$89,643	18.4%
Average of Comparator MSAs	\$70,527	\$73,229	\$75,534	\$79,344	\$82,790	\$86,814	23.1%

Source: Bureau of Economic Analysis, “Gross Domestic Product by Metropolitan Area” and “Local Area Income and Employment” data sets from 2006.

# Business Growth in the Portland Metro Region

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**Figure 4: Venture Capital Investment for Portland and Comparator MSAs, 2008**



Source: The MoneyTree Report by PwC and NVCA based on data from Thomson Reuters.

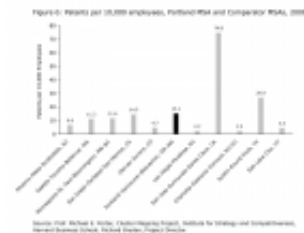
**Figure 5: Venture Capital**

## Investment for the Portland MSA, 1998-2008



Source: The MoneyTree Report by PwC and NVCA based on data from Thomson Reuters.

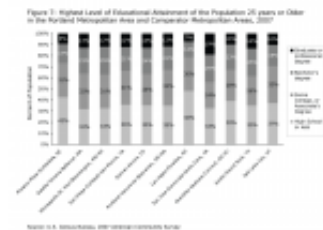
## Figure 6: Patents per 10,000 employees, Portland and Comparator MSAs, 2006



Source: Prof. Michael E. Porter, Cluster Mapping Project, Institute for Strategy and Competitiveness, Harvard Business School; Richard Bryden, Project Director.



**Figure 7: Highest Level of Educational Attainment of the Population 25 years or Older in the Portland Metropolitan Area and Comparator Metropolitan Areas, 2007**



Source: U.S. Census Bureau, 2007 American Community Survey.

## 2. Innovation

Regardless of economic sector, new products, new production methods, and new markets are essential to achieving and maintaining a competitive position in global markets. Innovation improves our productivity, enhances our quality of life, and offshore account payday 2 creates opportunity for small and large companies. A company that is not developing and testing new ideas in the market payday loan cannot survive because its competitors are innovating.

Recognizing the importance of innovation, the Oregon Economic and Community Development Department recently published the Oregon 2007 Innovation Index. This article presents some of the same information contained in that index,

but we attempt wherever possible to present information about the Portland Vancouver metropolitan area, rather than for the state of Oregon. We encourage you to peruse the Oregon Innovation Index. (Oregon 2007 Innovation Index. Oregon Economic and Community Development Department. Retrieved on 2009-02-15.)

This section looks at a series of indicators to see how the Portland region compares with its comparator metropolitan regions in terms of innovation. The indicators include venture capital investment and patent applications per 10,000 workers.

## 2.1 Venture Capital

Venture capitalists invest private equity in firms that have a high potential for growth but are not prepared for an initial public offering of stock. These investments usually have both high risk and high return. Venture capital activity can be used to measure the number of potentially high-growth firms that are forming, which can include innovative high-tech firms, such as biotechnology firms. (“Venture Capital (Total).” Arizona Indicators Project. Retrieved on 2009-01-29.)

### Regional Comparisons

**Figure 4** shows the level of total venture capital investment and deals for the Portland region and its comparator metropolitan areas for the year 2008. Among the comparator metropolitan areas, the San Jose MSA had the highest level of both deals and investment at \$4.4 billion. San Diego and Seattle were a distant second and third with \$1.2 billion and \$750 million respectively. The Portland MSA scored 8th out of the 11 regions with \$153 million in investment and 32 deals, and had a similar level of investment and deals as the Salt Lake City and Phoenix MSAs.

**Table 2: Venture Capital Investment for Portland and Comparator MSAs, 2008**

MSA	Deals	Investment (Millions of Dollars)
Phoenix-Mesa-Scottsdale, AZ	17	202.8
Seattle-Tacoma-Bellevue, WA	145	828.9
Minneapolis-St. Paul-Bloomington, MN-WI	40	453.7
San Diego-Carlsbad-San Marcos, CA	126	1,216.6
Denver-Aurora, CO	43	377.9
<b>Portland-Vancouver-Beaverton, OR-WA</b>	<b>32</b>	<b>152.5</b>
Las Vegas-Paradise, NV	4	7.0
San Jose-Sunnyvale-Santa Clara, CA	464	4,404.4
Charlotte-Gastonia-Concord, NC-SC	4	28.5
Austin-Round Rock, TX	64	340.2
Salt Lake City, UT	22	175.1

Source: The MoneyTree Report by PwC and NVCA based on data from Thomson Reuters.

**Figure 5** shows the overall levels of investment and deals for the Portland MSA between 1998 and 2008. The Portland MSA saw a boom in venture capital investment around 2000 during the dot com boom. Total investment and deals fell throughout the early part of the 2000s but rose in 2007.

## 2.2 Patents

Obtaining a patent is part of the process of securing the intellectual property rights associated with an idea. Though many ideas that get patented are never used, patent activity is a useful indicator of the overall quality of the innovation environment. In regions where institutions, firms, and individuals are innovating, more patent activity will be recorded. Research has shown that concentrations of patents reflect the localized process of knowledge creation.

Our patent data are drawn from tabulations by the U.S. Patent and Trademark Office, compiled by Harvard University's Institute for Strategy and Competitiveness. The data shown in **Figure 6** represent the number of patents issued to inventors in the Portland MSA and its comparator MSAs in 2006 per 10,000 employees.

## **Regional Comparisons**

San Jose has the highest number of patents per worker, reflecting a high level of research and innovation. At 15.1 patents per 10,000 employees, Portland's patent activity in 2006 was third among the 11 comparator MSAs, trailing San Jose and Austin but leading both San Diego and Seattle.

## **2.3 Educational Attainment**

The evidence that skills and education drive economic growth is overwhelming. Communities with better-educated populations have higher incomes, on average, than those with lower levels of education. Much of this is driven by their ability to generate new ideas that lead to higher productivity.<sup>[1]</sup> Educational attainment, especially in the young working-age population, is an imperfect but available measure of the quality of the labor force available to regional companies. ("Innovation: Educational Attainment by Age." Arizona Indicators Project. Retrieved on 2009-02-05.)

## **Regional Comparisons**

**Figure 7** shows educational attainment levels for the Portland MSA and its comparator metropolitan areas. Among adults living in the Portland MSA, 33 percent have earned a Bachelor's degree or a graduate or professional degree. This ranks Portland even with San Diego and Charlotte, but below San Jose, Austin, Denver, and Seattle. San Jose has the highest level of educational attainment—44 percent of the population over the age of 25 has a bachelor's degree. Las Vegas and Phoenix have the lowest levels of educational attainment with 21 percent and 27 percent of the population holding a bachelor's degree, respectively.

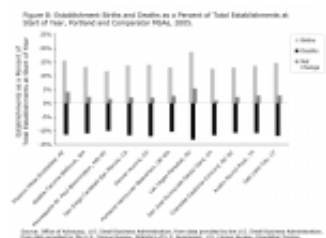
## **Footnotes**

1. Gottlieb, P. D. and M. Fogarty (2003). "Educational Attainment and Metropolitan Growth." *Economic Development Quarterly* 17(4): 325-336. (↔)
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# Business Growth in the Portland Metro Region

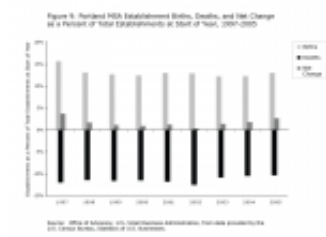
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**Figure 8: Establishments Births and Deaths as a Percent of Total Establishments at Start of Year, Portland and Comparator MSAs, 2005**



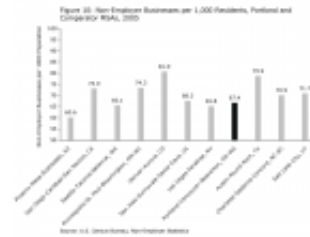
Source: Office of Advocacy, U.S. Small Business Administration, from data provided by the U.S. Census Bureau, Statistics of U.S. Business.

**Figure 9: Portland MSA Establishment Births, Deaths, and Net Change as a Percent of Total Establishments at Start of Year, 1997-2005**



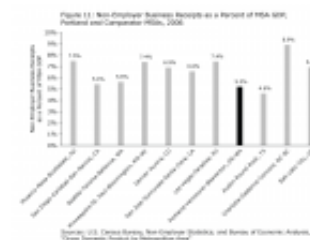
Source: Office of Advocacy, U.S. Small Business Administration, from data provided by the U.S. Census Bureau, Statistics of U.S. Business.

**Figure 10: Non-Employer Businesses per 1000 population, Portland and Comparator MSAs, 2006**



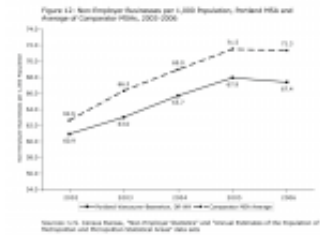
Source: U.S. Census Bureau, Non-Employer Statistics.

**Figure 11: Non-Employer Business Receipts as a Percent of MSA GDP, Portland and Comparator MSAs, 2006**



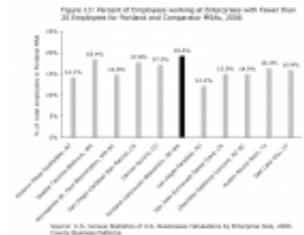
Sources: County Business Patterns.

**Figure 12: Non-Employer Businesses per 1000 Population, Portland MSA and Average of Comparator MSAs, 2003-2006**



Sources: County Business Patterns.

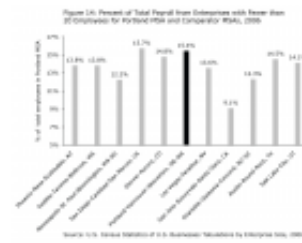
**Figure 13: Percent of Employees Working at Enterprises with Fewer than 20 Employees for Portland and Comparator MSAs, 2006**



Source: U.S. Census Statistics of U.S. Businesses Tabulations by Enterprise Size, 2006. County Business Patterns.

**Figure 14: Percent of Total Payroll from Enterprises with Fewer than 20 Employees onlinepaydayloansusca.com for Portland and Comparator**

## MSAs, 2006



Source: U.S. Census Statistics of U.S. Businesses Tabulations by Enterprise Size, 2006.

### 3. Entrepreneurship

Entrepreneurs transform their dreams, ideas, and knowledge into new enterprises that employ a region's citizens and add diversity and energy to its economy. Acs and Armington (2004) have shown that higher rates of entrepreneurial activity are strongly associated with faster growth of local economies. (Acs, Z., Armington, C. (2004). "Employment Growth and Entrepreneurial Activity in Cities," Max Planck Institute of Economics, Group for Entrepreneurship, Growth and Public Policy website. Retrieved on 2009-02-05 from <http://ideas.repec.org/p/esi/egpdis/2004-13.html>) Entrepreneurs provide the know-how and energy and take the risks required to turn technical and market knowledge into economic knowledge. But entrepreneurs cannot thrive without business infrastructure, capital, educated employees and advisors, a positive business environment, and personal networks. Not surprisingly, many communities seek to attract entrepreneurs and encourage the formation and growth of new enterprises.

This section looks at two indicators of entrepreneurship: new company creation and non-employer businesses.

#### 3.1 New Company Creation

The U.S. Small Business Administration publishes data on establishment births and deaths based on data provided by the U.S. Census Bureau.

##### How is an establishment defined?

An establishment is defined as "a single physical location where business is conducted or where services or industrial operations are performed." The data exclude non-employer businesses (those without employees), private households, railroads, agricultural production, and most government entities. Establishments are counted if they have paid employees at any time during the year, so an establishment will have zero employment if it reports no paid employees in the mid-March pay period, but paid employees at some time during the year. The birth and death of establishments is measured based on a change from zero employment to positive employment, or vice versa, from one year to the next (counted in the first quarter of the year). The data on establishment births and

deaths do not exactly match the totals reported by the Census Bureau. When changes in ownership of an establishment occur, the Census Bureau is not always able to match records from one year to another.

Establishment births are an indication of innovation and healthy competition, but many new businesses are very short-lived. The “churn” caused by the continuous birth and death of establishments brings volatility to the labor market, with both positive and negative consequences both for workers and businesses. A positive net change in establishments over a given period of time means that the number of establishments that start up is greater than the number that fail. This positive net change may indicate a business environment supporting the survival of new establishments.

## Regional Comparisons

In **Figure 8**, the light bars represent the rate of establishment births in 2005, while the dark bars represent the rate of establishment deaths. The rate is taken as a percentage of the total number of establishments at the start of the year. The net change is the difference between the births and deaths and is represented by the darker gray bar.

The metropolitan region with the fastest rate of both births and deaths is Las Vegas, with an establishment birth rate of 18.6 percent and a death rate of 13.2 percent. This reflects, in part, its rapid population growth, which outpaced the other MSAs from 2000 to 2008 with a growth rate of 36 percent.

The Portland region appears to have a relatively slow rate of business churn, ranking eighth out of the 11 comparator regions for the rate of establishment births, and 10th in the rate of business deaths in 2005. In that year, the Portland MSA gave birth to 1,383 net new establishments, ranking 4th among comparator MSAs behind Phoenix, Seattle, and Las Vegas.

Establishment formation and death rates in the Portland region have fluctuated over the past decade. As shown in **Figure 9**, rates of business formation and the net rate of formation were higher in 1997 than in any other year in the past decade. The net rate of business formation fell steadily from 1997 to 2002 and then rose from 2003 to 2005.

## 3.2 Non-Employer Statistics

New businesses often start very small—so small that they have no employees. While these businesses do not show up in the employment statistics, they can still be tracked. Non-employers are businesses without paid employees that are subject to federal income tax; most are self-employed individuals operating very small unincorporated businesses, which may or may not be the owner’s principal source of income. The Census Bureau notes that while non-employers account for nearly three quarters of all businesses, they account for only about 3 percent of business activity. See the U.S. Census Bureau, Nonemployer Statistics for more detailed information on non-employer business and data collection methodology. (“Firm Size Data.” United States Small Business Administration Office of Advocacy website. Retrieved on 2009-02-15.). While many of these businesses stay very small, some are incubating business and technology ideas and will eventually grow into more substantial businesses. Thus, they are sometimes used to measure the potential for growth and innovation.

## Regional Comparisons

There is a great deal of variation in the number of non-employer businesses per thousand residents, as shown in **Figure 10**. Denver has the highest payday 2 rate with 81.9 non-employer businesses per 1000 people; Phoenix has the lowest with 60.6. The Portland MSA ranked relatively low among the comparator MSAs with only 67.4. Similarly, Portland ranked low in the non-employer business receipts as a percentage of MSA GDP in 2006 with only 6.6 percent (see **Figure 11**). Austin was the



highest with 8.9 percent.

### 3.3 Small Businesses

While the non-employer statistics give us information about the smallest companies—those with no employees—the picture changes when we look at slightly larger businesses. The U.S. Census and Small Business Administration collect data on enterprise and establishment size. According to the U.S. Census, an enterprise is a business organization consisting of one or more domestic establishments that were specified under common ownership. The enterprise and the establishment are the same for single-establishment firms.

#### Regional Comparisons

**Figure 12** shows that the number of non-employer businesses per capita grew from 2002 to 2005 and then leveled off both online payday loan for the Portland MSA and for the comparator MSAs. Throughout this period, Portland stayed below the average for all of the comparator regions.

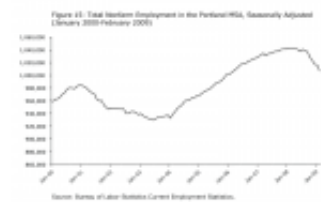
Despite the Portland MSA's low rate of non-employer businesses, it does have a substantial small business sector. As shown in **Figure 13**, Portland had the highest proportion of people working in enterprises with less than 20 employees among the comparator regions in 2006; 19.2 percent of employees in the Portland MSA worked in enterprises with less than 20 employees, followed by Seattle with 18.2 percent of employees working in small enterprises. On the low end, only 12.2 percent of employees in Las Vegas worked in enterprises with less than 20 employees. **Figure 14** shows that Portland also had the 2nd highest percent of total payroll from these small businesses, at 15.4 percent, right after the San Diego metropolitan area.

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**Figure 15: Total Non-farm Employment in the Portland-Vancouver Metropolitan Region, Seasonally Adjusted (January 2000-February 2009)**

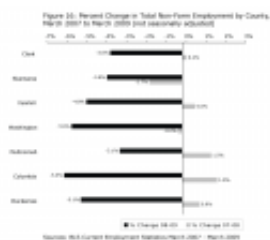


Source: Bureau of Labor Statistics Current Employment Statistics.

**Figure 16: Percent Change in Total Non-Farm Employment by County, March 2007 to March 2009 (not seasonally adjusted)**

mobile casino by County, March 2007 to March 2009 (not seasonally adjusted)”

href=”<http://mkn.research.pdx.edu/wp-content/uploads/2009/03/a3f16.png>”>



Source: Current Employment Statistics, March 2007 – March 2008. Bureau of Labor Statistics.

Figure 12: Percent Change in Total Non-Farm Employment by HSA, February 2009 to February 2009 (all sectors included)

HSA	Percent Change
Phoenix-Mesa-Scottsdale, AZ	-1.0%
Spokane-Spokane Valley, WA	-1.0%
Minneapolis-St. Paul-Bloomington, MN-WI	-1.0%
San Diego-Carlsbad-San Marcos, CA	-1.0%
Denver-Aurora, CO	-1.0%
Indianapolis-Carmel-Anderson, IN	-1.0%
San Angelo-Ft Stockton, TX	-1.0%
San Jose-Sunnyvale-Santa Clara, CA	-1.0%
San Francisco-Oakland-Hayward, CA	-1.0%
Austin-Round Rock, TX	-1.0%
San Jose-St. Jose, CA	-1.0%

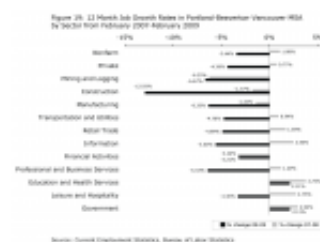
Source: Current Employment Statistics, Bureau of Labor Statistics

**Figure 18: Employment Trends in Portland and Comparator MSAs, 2001-2008 (Seasonally Adjusted)**



Source: Current Employment Statistics, 2001-2008. Bureau of Labor Statistics.

**Figure 19: 12 Month Job Growth Rates in the Portland Metropolitan area between February 2007 to February 2009, seasonally adjusted**



Source: Current Economic Statistics, October 2007-October 2008, Bureau of Labor Statistics.

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## 4. Employment Growth

Employment growth measures the rate that a region's economy is generating jobs for those who want to work. It is also a general indicator of a region's economic vibrancy. However, region-wide averages of job growth sometimes fail to identify specific challenges and problems because job growth does not occur evenly across industry sectors or across the region. This section looks at aggregate employment as well as employment by industry sector and county.

### 4.1 Employment Growth in the Portland MSA

Employment growth in the Portland metropolitan region, as shown in **Figure 15**, was very strong from mid-2003, as we recovered from the last recession, until May of 2008, when employment peaked before beginning its current steep dive.

As shown in **Figure 16**, some counties in the Portland MSA saw modest employment growth between March 2007 and March 2008, notably Columbia County with a 1.8% growth in employment. Skamania County and to a lesser extent, Washington and Clark counties, saw declining employment already between 2007 and 2008. Between March 2008 and March 2009, every county in the Portland MSA showed a decline in employment growth. Columbia and Washington counties saw the steepest drop in employment at -5.9% and -5.6% respectively. Multnomah county saw a 3.1 percent decrease in employment, which was the smallest loss among the Portland MSA counties.

### 4.2 Employment Growth in Portland and its Comparator Metropolitan Areas Regional Comparisons

Other metropolitan areas have also experienced job losses over the past year. **Figure 17** shows how the current recession has affected year-over-year total non-farm employment growth rates for each of the comparator MSAs. Between February 2007 and February 2008, most regions saw an increase in employment, with the exception of Minneapolis, which saw a decrease in employment of 0.08 percent, and Phoenix, which saw no change. Between February 2008 and February 2009, the trend was overwhelmingly negative for each of these metropolitan areas. Phoenix saw the greatest decrease in employment of 7.27 percent, followed by Denver with a 5.48 percent decrease. Portland ranked 4th out of these nine MSAs with a 3.4 percent decrease in employment.

**Figure 18** shows monthly changes in total seasonally adjusted employment for the Portland MSAs and eight of its comparator MSAs. The MSA average is displayed for reference. Overall Portland has followed the average employment growth patterns with a few major spikes and dips that are unique to the region. Major spikes in employment growth in the Portland MSA compared to other areas occurred in mid 2001, mid 2002, and early 2006. Most dips in employment growth in the Portland MSA seem magnified compared with the comparator MSA average.

**Table 3: Total Non-farm Employment for Portland and Comparator Metropolitan Areas, annual average (in thousands) (not seasonally adjusted – includes all MSAs)**

MSA	Total Employment 2001	2002	2003	2004	2005	2006	2007	Total Employment 2008
Austin-Round Rock, TX	669.6	658.9	656.3	676.9	699.1	737.7	766.3	780.6
Charlotte-Gastonia-Concord, NC-SC	774.6	777	772.6	786.4	808.9	844	871.5	877.9
Denver-Aurora, CO	1196.7	1172.1	1161.1	1177.6	1202.6	1225.3	1254.7	1257.9
Las Vegas-Paradise, NV	722.3	743.4	778.8	840.5	892.6	926.7	927.1	928.7
Minneapolis-St. Paul-Bloomington, MN-WI	1754.1	1736.2	1742.3	1764	1792.5	1801.1	1812.8	1797.4
Phoenix-Mesa-Scottsdale, AZ	1600.4	1608.3	1642.6	1725	1825.6	1907.9	1917.6	1866.1
<b>Portland-Vancouver-Beaverton, OR-WA</b>	<b>960.8</b>	<b>951.4</b>	<b>943.8</b>	<b>973.4</b>	<b>1000.6</b>	<b>1031.7</b>	<b>1050.2</b>	<b>1039.9</b>
Salt Lake City, UT	570.5	560.8	558.2	570.3	595.2	620.6	640.7	640.9
San Diego-Carlsbad-San Marcos, CA	1225.4	1237.5	1249.9	1271.3	1287	1306.9	1313.1	1303.8
San Jose-Sunnyvale-Santa Clara, CA	976.6	900.6	865.2	866.8	877.4	896.9	913.2	914.5
Seattle-Tacoma-Bellevue, WA	1615.9	1585	1579.2	1607.9	1656.9	1706.7	1761.6	1760.1

Source: Current Employment Statistics, 2001-2008. Bureau of Labor Statistics.

## Industry Comparisons

In most recessions, not all sectors of the economy lose employment at the same rate. Some industries are, by nature, more cyclical than others, some are countercyclical, and some recessions disproportionately affect certain sectors (like the dot com bust in 2001-2003). Finally, some sectors respond to recessions more slowly than others; thus, their job losses may not occur until after losses are shown in other sectors.

As shown in **Figure 19**, the year-over-year change in employment over the past two years varies a great deal by sector. From 2007 to 2008, only mining and logging, manufacturing, construction, and financial activities lost jobs. From 2008 to 2009, only the government sector and the education and health care sector have gained employment; the construction sector and the professional and business services sector have lost the most jobs on a percentage basis in the past year.

### Types of Employment Data

There are three main sources of employment data for the United States: Current Population Survey, Current Employment Survey, and the Quarterly Census of Employment and Wages (QCEW). You can compare source types in a concise table courtesy of the Minnesota Department of Employment and Economic Development.



### **Current Population Survey or "Household Survey"**

The Current Population Survey (CPS), or "Household Survey," is the most comprehensive measure of national employment and unemployment. The data are collected using a survey with a sample size of 60,000 for the civilian noninstitutional population 16 years and older. The data are also used to calculate five alternate measures of unemployment as a percentage of the labor force based on different definitions. (Labor Force Statistics from the Current Population Survey Overview. Bureau of Labor Statistics website. Retrieved on 2009-03-15.) People are classified as unemployed if they meet all of the following criteria:

- They were not employed during the reference week
- They were available for work at that time
- They made specific efforts to find employment sometime during the 4-week period ending with the reference week. (The exception to this category covers persons laid off from a job and expecting recall)
- Those who are not classified as employed or unemployed are not counted as part of the labor force. They are tracked as "discouraged workers."

The household survey has a more expansive scope than the establishment survey because it includes the self-employed, unpaid family workers, agricultural workers, and private household workers, who are excluded by the establishment survey. The household survey also provides estimates of employment for demographic groups. For more information, see the Current Population Survey FAQ: (Current Population Survey Frequently Asked Questions. Bureau of Labor Statistics website. Retrieved on 2009-03-15.)

### **Current Employment Statistics or "Payroll Survey"**

The Current Employment Statistics survey, or "Payroll Survey," is based on a survey with a sample of 160,000 businesses and government agencies that represent 400,000 individual employers.

This survey measures only nonagricultural, non-supervisory employment. It does not calculate an unemployment rate, and it differs from the International Labor Organization unemployment rate definition. Employment is defined as the total number of persons on establishment payrolls employed full or part time who received pay for any part of the pay period that includes the 12th day of the month. Temporary and intermittent employees are included, as are any workers who are on paid sick leave, on paid holiday, or who work during only part of the specified pay period. These two sources have different classification criteria, and usually produce differing results.

Additional data are also available from the government, such as the unemployment insurance weekly claims report (Unemployment Insurance Weekly Claims Data. United States Department of Employment. Retrieved on 2009-03-15.) available from the Office of Workforce Security, within the U.S. Department of Labor Employment & Training Administration.

The establishment survey employment series has a smaller margin of error on the measurement of month-to-month change than does the household survey because of its much larger sample size. For more information see BLS Current Employment Statistics, please see the FAQ: (Current Employment Statistics Frequently Asked Questions. Bureau of Labor Statistics. Retrieved on 2009-03-15.)

### **Quarterly Census of Employment and Wages (QCEW)**

The QCEW is a virtual census of employment in the United States, covering 99.7 percent of wage and salary civilian employment, available at the county, MSA, state and national levels by industry. The QCEW program derives its data from quarterly tax reports submitted to State Employment Security Agencies by over eight million employers subject to State unemployment insurance (UI) laws and from Federal agencies subject to the Unemployment Compensation for Federal Employees (UCFE) program.

The QCEW program is an employer reported measure and therefore associated with filled jobs, whether full or part-time, and place of work. If a person holds two jobs, the person would be counted twice in QCEW data. Programs that measure full-time equivalent positions or vacant positions target a different concept, as do household reported measures, which more typically show number of people with jobs, regardless of how many, and keep track of them by place or residence. The QCEW program, by definition, measures employment covered by Unemployment Insurance laws. In excluding self-employed jobs, and others, it differs significantly from those programs that include that employment. (Quarterly Census of Employment and Wages Frequently Asked Questions. Bureau of Labor Statistics website. Retrieved on 2009-03-15.)

## **Conclusion**

What can we say about the prosperity of the Portland region's businesses based on the variety of data we have examined? The region's prosperity demonstrates some strengths and a few weaknesses.

With a relatively low level of GDP per worker, it appears that the region's productivity falls behind some of its competitors.

One way to boost productivity is to increase innovation. And although the region ranks fifth in patenting per worker compared to its competitors, it is attracting relatively small amounts of venture capital, with only 152.2 million and 32 deals in 2008.

Innovation can only be boosted by the development and commercialization of good ideas, and the raw material for creating marketable ideas is educated people. With 33 percent of the adult population holding a Bachelor's or higher degree, the Portland MSA ranks relatively high; twelve percent of adults have a graduate or professional degree. Only San Jose, Seattle and Austin rank higher in that category.

Entrepreneurs play a vital role in business prosperity by identifying market opportunities for good ideas, assembling the required human, innovation, and capital resources, and turning the idea into a viable business. While the Portland region seems to have a relatively low rate of new establishment births and very small (non-employer) businesses, it has a relatively large small business sector. In fact, compared to its competitors, the Portland region has the highest percentage of companies and the second highest percentage of payroll from firms that employ 20 or fewer employees.

The region's small business sector appears to present opportunities for improving business prosperity by focusing on the issues confronting new and growing small businesses. Boosting the innovation and human capital resources available to these small businesses may be the key to improving business prosperity in the future.

As we emerge from the current recession, it will be interesting to gauge which industries recover most quickly and whether the small business sector real payday loans leads the recovery in jobs.

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